



TaxNewsFlash

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Notice 2020-6: Relief for reporting required minimum distributions for IRAs for 2020

The IRS today released an advance version of Notice 2020-6 that provides guidance to financial institutions on reporting required minimum distributions (RMDs) for 2020 after the amendment of section 401(a)(9) by the appropriations legislation enacted on December 20, 2019 (the “Further Consolidated Appropriations Act, 2020” (Pub. L. No. 116-94)).

Read [Notice 2020-6](#) [PDF 41 KB]

Background

Division O of the appropriations legislation—the “Setting Every Community Up for Retirement Enhancement Act of 2019” (SECURE Act)—included a number of retirement savings provisions. These provisions include an amendment to section 401(a)(9) to change the required beginning date applicable to section 401(a) plans and other eligible retirement plans described in section 402(c)(8), including individual retirement accounts and annuities (IRAs).

The new required beginning date for an IRA owner is April 1 of the calendar year following the calendar year in which the individual attains age 72 years, rather than April 1 of the calendar year following the calendar year in which the individual attains age 70½ years.

The amendment to section 401(a)(9) is effective for distributions required to be made after December 31, 2019, with respect to individuals who will attain age 70½ years after that date. As a result of this change, IRA owners who will attain age 70½ years in 2020 will not have a required beginning date of April 1, 2021. This means that these IRA owners (who, prior to enactment of the SECURE Act, would have been required to take minimum distributions from their IRAs for 2020) will have no RMD for 2020.

Notice 2020-6

If an IRA owner has an RMD due for 2020, the financial institution that is the trustee, custodian, or issuer maintaining the IRA must file a 2019 Form 5498 (IRA Contribution Information) by June 1, 2020, and indicate by a check in Box 11 that an RMD is required for 2020.

In addition, the financial institution must furnish an RMD statement to the IRA owner by January 31, 2020, that informs the IRA owner of the date by which the RMD must be distributed, and either provides the amount of the RMD or offers to calculate that amount upon request.

This RMD statement (required under Notice 2002-27) should not be sent to IRA owners who will attain age 70½ years in 2020.

Notice 2020-6 [PDF 41 KB] states that due to the short amount of time after the enactment of the SECURE Act that financial institutions have had to change their systems for furnishing the RMD statement, relief is being provided.

Under this relief, if a financial institution provides an RMD statement to an IRA owner who will attain age 70½ years in 2020 (including by providing a Form 5498), then the IRS will not consider such a statement to have been provided incorrectly, but only if the IRA owner is notified by the financial institution no later than April 15, 2020, that no RMD is required for 2020. For IRA owners who will attain age 70½ in 2020, the 2019 Form 5498 should not include a check in Box 11 or entries in Box 12a or 12b.

The notice further states that the IRS encourages all financial institutions to remind IRA owners who attained age 70½ years in 2019 and have not yet taken their 2019 RMDs that they are still required to take those distributions by April 1, 2020.

Read a related IRS release: [IR-2020-19](#)

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